

May 16, 2003

Ms. Susan Ezalarab
Office of the Commissioner of Insurance
125 South Webster
PO Box 7873
Madison, WI 53707-7873

RE: Market Conduct Examination Response
June 6-19, 2002

Dear Ms. Ezalarab;

Thank you for the opportunity to provide your office with our response to the above-mentioned final Market Conduct Examination report received by our office on May 12, 2003. Please include this response on the OCI website as a separate document to the final report.

As an overall response, many of the OCI recommendations relate to one or two instances or a very small percentage of situations of noncompliance, with Physicians Plus' policy and typical practice being in compliance. The isolated instances resulted from inadvertent clerical error. Responses to other recommendations are set forth below.

1. ***It is recommended that the company include in its provider agreements language that requires providers to forward all correspondence regarding any complaint or member dispute to the company in a timely manner, as required by s. Ins 18.03(2)(c) 1, Wis. Adm. Code.***

RESPONSE:

This administrative rule was eliminated effective November 30, 2002. There is no legal basis or logic for OCI to recommend that an insurer comply with an administrative rule that is no longer in effect. Moreover, prior to the elimination of this administrative rule, Physicians Plus included this language in its provider contracts, as had been the prior recommendation of OCI. During the current examination, OCI found that Physicians Plus had included that language in its provider contracts, but Physicians Plus had not included the language in four administrative services agreements.

2. ***It is recommended that the company revise its provider agreement template, and amend its existing provider agreements to include language requiring providers to promptly respond to grievances and complaints filed with the insurer to facilitate resolution, as required by s. Ins 18.03(2)(c)1, Wis. Adm. Code.***

RESPONSE:

As discussed above in response to recommendation No. 1, this administrative rule became effective December 1, 2001, at the end of the period that is the focus of the Examination Report. Physicians Plus has revised its provider agreement template and will be amending existing contract language.

5. ***It is recommended that if, on the basis of an independent evaluation, the company denies a chiropractic claim, it send a denial letter meeting the requirements outlined in s. 632.875 (2) Wis. Stat., to the patient and the treating chiropractor.***

RESPONSE:

The Physicians Plus and our chiropractic administrator's process has always been to have denials reviewed by a licensed chiropractor. Unfortunately, the denial letters previously did not explicitly state that fact. Early in 2002, prior to the OCI exam, Physicians Plus revised chiropractic letters to ensure compliance with the statutory requirements.

6. ***It is recommended that the company maintain documentation that it does not restrict or terminate coverage for chiropractic treatment on the basis of other than the recommendation of an independent chiropractor, as required by s. 632.87 (3)(b), Wis. Adm.***

RESPONSE:

See response to #5.

7. ***It is recommended that the company maintain all records reasonably related to its claims function for a period of 3 years, including documentation for each claim received indicating the received date, denial reason, and denial date, as required by s. Ins. 6.80 (4)(b), Wis. Adm. Code.***

RESPONSE:

Physicians Plus and contracted entities have documented policies and procedures related to record retention periods in accordance with Ins. 6.80.

9. ***It is recommended that the company send EOBs and RAs on all claims for which the patient is responsible for a portion of the payment, and maintain records of the EOBs and RAs for each claim, as required by ss. Ins. 3.651 and Ins. 6.80, Wis. Adm. Code.***

RESPONSE:

Physicians Plus' policy and procedure has always been to provide EOBs and RAs to our members and providers for such claims. Upon learning that there were lapses in this process in the administration of chiropractic claims, Physicians Plus took over the process of providing the EOBs and RAs for chiropractic claims.

10. ***It is recommended that the company develop and implement a procedure for monitoring agent websites to ensure that all advertisements are included in the company's advertising file, as required by s. Ins. 3.27, Wis. Adm. Code.***

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RESPONSE:

Physicians Plus agents are contractually required to obtain Physicians Plus' approval for all advertising. It is Physicians Plus' policy to include all such advertising in Physicians Plus' advertising file, as required by Ins 3.27. Physicians Plus appreciates and is adopting OCI's recommendation of an additional procedure which, although not required by Ins 3.27, will further help Physicians Plus to comply with the administrative rule.

- 11. It is again recommended that the company resolve all grievances within 30 days of receipt, unless an extension letter is sent notifying the grievant that the time period for review will be extended an additional 30 days, as required by s. ins. 18.03 (6)(b), Wis. Adm. Code.***

RESPONSE:

It is Physicians Plus' policy and procedure to resolve grievances within 30 calendar days. Of the 50 Grievance files reviewed, the 15 cited files were out of the time line by 1-2 days due to an administrative error. Unfortunately, contrary to Physicians Plus' policy and procedure, due dates were calculated on a month-to-month basis instead of actual calendar days. Staff has been re-educated and audits are in place to ensure accuracy.

- 12. It is again recommended that the company review its internal procedures for collecting and reporting to OCI annual grievance experience reports to ensure that the information is correctly reported to OCI as required by s. 632.83(2)(c) Wis. Stat., and s. Ins. 18.03(7), Wis. Adm. Code.***

RESPONSE:

Physicians Plus' policy and procedures are to accurately report grievances to OCI. In this case, a clerical calculating error resulted in Physicians Plus providing OCI with an erroneous number.

- 13. It is recommended that the company develop and adopt a compliance program, as required by s. Ins. 9.42 (2), Wis. Adm. Code.***

RESPONSE:

Physicians Plus has an adopted compliance plan and has policies and procedures to implement the compliance plan.

- 14. It is recommended that the company develop a policy and procedure regarding access to underserved populations, as required by s. 609.22 (8), Wis. Stat.***

RESPONSE:

Physicians Plus provided policies and procedures that include a complete access plan to the auditors during the on-site review. The documentation also included documents offered to underserved populations.

- 15. It is recommended that the company submit all Medicare supplement advertisements to OCI for approval prior to use, as required by s. Ins. 3.39 (15), Wis. Adm. Code.**

RESPONSE:

Physicians Plus' policy and procedure is that all Medicare advertisements must be submitted to OCI prior to use. Unfortunately, with regard to the one advertisement, we cannot find documentation as to whether the advertisement actually was submitted. If it was not submitted, that is contrary to our policy and procedure.

- 16. It is recommended that the company include in its advertising file a notice indicating the form number of any policy form advertised and a copy of the policy form advertised, as required by s. Ins. 3.27 (28), Wis. Adm. Code.**

RESPONSE:

During OCI's audit, the marketing files were corrected immediately to include the policy form number and copies of the policy referenced.

- 17. It is recommended that the company submit to OCI and receive notice of approval of all policy forms prior to use, as required by s. 631.20, Wis. Stat.**

RESPONSE:

It is the policy and practice of Physicians Plus to submit all policy forms prior to use. The failure to submit the two forms was an administrative oversight. The forms have since been submitted and approved by OCI.

- 18. It is recommended that the company handle all written complaints as grievances, as required by s. Ins. 18.03, Wis. Adm. Code.**

RESPONSE:

Physicians Plus diligently handles grievances in accordance with the Administrative Code. During the exam the examiners reviewed 50 complaint files. The examiners indicated that 5 of the files were filed in writing or by email. Physicians Plus policies and procedures reflect definitions adopted from Ins. 9 and, effective December 1, 2001, Ins. 18.03 for Complaints and Grievances.

- 19. It is recommended that the company develop and implement written procedures for reporting certain information to the Commissioner regarding terminated agents to ensure compliance with s. Ins. 6.57 (2)(a), (b) and (c), Wis. Adm. Code.**

RESPONSE:

Physicians Plus uses the Administrative Code as policy and procedure.

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- 20. *It is again recommended that the company revise its procedures and training materials to ensure that agent appointment forms are submitted to OCI in a timely manner, as required by s. 628.11, Wis. Stat.***

RESPONSE:

Physicians Plus' policy is to follow the requirements of the statute and Ins. 6.57. It was an administrative error that caused the two agent appointments to not be submitted to OCI. This has been corrected.

- 21. *It is again recommended that prior to or within 15 days of filing a notice of termination with the Office of the Commissioner of Insurance, the company send written notice to the individual agent that he or she is no longer to be listed as a representative of the company and that he or she may not act as its representative in order to ensure compliance with s. Ins 6.57 (2), Wis. Adm. Code.***

RESPONSE:

Physicians Plus is revising its standard termination letter to explicitly state the factors listed in Ins. 6.57(2).

- 22. *It is recommended that the company revise the standard letter used to inform agents of the termination of their appointment to comply with s. Ins. 6.57 (2), Wis. Adm. Code.***

RESPONSE:

See response to #21. Physicians Plus is revising its standard termination letter to explicitly state the factors listed in Ins. 6.57(2).

- 24. *It is recommended that the company develop written procedures regarding small employer terminations to ensure that small employers that fail to meet the minimum participation requirements are given appropriate notice of termination and the opportunity to increase the number of eligible employees to the required number, as required by s. Ins. 8.54 (4)(a), Wis. Adm. Code.***

RESPONSE:

Groups are notified of participation non-compliance minimally 20 days prior to non-renewal or termination. Groups also are given 60 days from the non-renewal or termination date to increase participation as required by the Administrative Rule and the Group Master Policy.

- 27. *It is recommended that the company develop procedures for monitoring the HIRSP program to ensure that accurate information is provided to applicants and enrollees, to ensure compliance with s. 632.785, Wis. Stat.***

RESPONSE:

Physicians Plus continues to monitor correspondence and websites for the latest information regarding changes in the law and related changes in administration.

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- 28. It is recommended that the company develop a plan for identifying and addressing any management and supervisory issues that prevent it from complying with the Wisconsin insurance laws in order to ensure future compliance.***

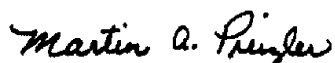
RESPONSE:

Physicians Plus employs an experienced, effective and ethical management team committed to compliance with laws and regulations. We continue to improve processes and policies to achieve full compliance in all areas of the company.

Sincerely,



Karen Mayes
Compliance Officer



Martin A. Preizler
President and CEO